



UNIVERSITY
OF
JOHANNESBURG

DEPARTMENT OF ACCOUNTANCY

ACCOUNTING A – 2016

[REK0A01/ ACC0AA1]

FINAL ASSESSMENT OPPORTUNITY: 4 JUNE 2016

Assessor: Mr DP Basson

Time: 2 hours

Ms JD Napo

Moderator: Ms Z Patel

Marks: 80

- THE ASSESSMENT OPPORTUNITY PAPER CONSISTS OF **4 QUESTION AND 8 PAGES** (FRONT PAGE INCLUDED).
- YOU MUST **ANSWER ALL** THE QUESTIONS
- START EVERY NEW QUESTION AT THE TOP OF A PAGE
- WRITE IN **BLUE OR BLACK INK** – NO PENCIL
- A NON-PROGRAMMABLE, SILENT CALCULATOR MAY BE USED
- CROSS OUT OPEN SPACES AND EMPTY PAGES
- **NO PENCIL** OR TIPPEX MAY BE USED
- PLEASE ANSWER IN THE **CORRECT COLOR BOOK** AS INDICATED AT TOP OF EACH QUESTION

QUESTION	TOPIC		MARKS	TIME
1	Receivables and Payables	(Blue book)	21	32 minutes
2	Theory and Inventories	(Green book)	20	30 minutes
3	Bank reconciliation	(Orange book)	16	24 minutes
4	Journals and VAT	(Purple book)	23	34 minutes
			<u>80</u>	<u>120 minutes</u>

COURSE: ACCOUNTING A

QUESTION 1 (Blue book)

[21 MARKS]

The following information was obtained from the accounting records of Nexis Retailers.

Balances on 1 March 2016	R
Total of debit balances in receivables ledger	19 500
Total of debit balances in payables ledger	900
Total of credit balances in payables ledger	10 250
Total of credit balances in receivables ledger	500
Allowance for bad debts / credit losses	735

ADDITIONAL INFORMATION

1. Total sales for the month amounts to R31 250. 20% of this balance related to cash sales.
2. Total purchases for the month amounts to R27 500.40% (R11 000) of this balance relates to cash purchases made by Nexis Retailers.
3. Nexis Retailers customers returned merchandise worth R1 200 and Nexis Retailers returned merchandise to its suppliers to the value of R850
4. Interest charged to receivables overdue accounts of R650 was posted as a credit in the receivables control account.
5. Cash receipts from receivables amounts to R19 600 and cash paid to payables amounts to R13 100.
6. An amount of R650 received from a receivable, Pretty, was recognised in the cashbook as R900.
7. A cheque received from a receivable, Lebo, was returned by the bank, marked "R/D". Lebo previously settled her account of R750 with a cheque of R650. Except for the discount that must be written back, the transaction was properly recognised and posted.
8. The sales journal was overstated by R2 500.
9. A Receivable, Max, with a balance of R1 500 was declared insolvent. On 30 March her insolvent estate paid a dividend of R1 200 as a final payment to her account. Nexis Retailers decided to write off the balance as irrecoverable. The only entry made for this transaction was for the cash received.
10. Transfer a debit balance of R1 750 from the receivables ledger to the payables ledger. Both parties agree to this arrangement. No entry was made in the relevant general ledger accounts.
11. The following balances were noted on the 31 March 2016

	R
Credit balances in receivables ledger	650
Debit balances in payables ledger	450

REQUIRED

Prepare the following ledger accounts for the month of March 2016 and balance the accounts:

- (a) Receivables control account; and (13)
- (b) Payables control account; (8)

COURSE: ACCOUNTING A

QUESTION 2 (Green book)

[20 MARKS]

(This question consists of 2 independent parts)

PART A

[12 MARKS]

The Conceptual Framework provides valuable information for the accountant with regard to the definition of the various elements and general features of financial statements.

REQUIRED:

- a) Financial statements comprises of five elements.
- Define the element "Asset" according to Conceptual Framework (4)
 - Define the element "Liability" according to Conceptual Framework. (4)
- b) Qualitative characteristics are the attributes that make the information provided in financial reports useful to users. "Qualitative characteristics are classified as either being fundamental or enhancing qualitative characteristics (Conceptual Framework par 1 QC5)."
- List the four enhancing qualitative characteristics (4)

PART B

[8 MARKS]

The accountant of Smart Traders prepared the following list of balances as at 30 April 2016:

	R
Inventories (1 May 2015)	35 000
Sales	1 340 000
Purchases	710 000
Freight on purchases	137 000
Freight on sales	16 000
Returns in	10 000
Returns out	5 000
Water and lights	36 000
Salaries and wages	280 000
Advertising	4 000
Insurance	30 000
Interest expense	84 450
Rent income	37 200

The following information is presented to you:

1. Inventories counted on 30 April 2016, amounted to R82 000. Inventories sent out to clients as samples that need to be returned had not been included in the total and amounted to R3 000 at cost.

REQUIRED

Prepare only the trading part (trading statement) of the statement of profit or loss (up to gross profit) of Smart Traders for the reporting period ended 30 April 2016. (8)

COURSE: ACCOUNTING A

QUESTION 3 (Orange Book)

(16 MARKS)

Dr TB Bones is a general practitioner in Melville.

On comparing the practice's September bank statement with the September cash book, the following differences were noticed but his accountant was unable to complete the bank reconciliation and requests you to assist him.

1. The bank reconciliation statement at the end of August 2015, contained the following details:

Favourable balance per bank statement on 31 August 2015	R 9 620
Outstanding deposit	13 400
Outstanding cheques	
No. 512, dated 2 February 2015	1 500
No. 766, dated 25 August 2015	27 000
No. 767, dated 27 August 2015	6 300

2. Cheque no. 766 and the deposit of R13 400 appeared on the September bank statement. Cheque no. 512, issued to Western Plumbers for repairs to the geyser, is stale and should be cancelled.
3. The cash book showed a credit balance of R65 880 on 30 September 2015 before any of the following have been taken into account:
- 3.1 The following charges appeared on the bank statement:
- Internet banking fees, R40
 - Interest on bank overdraft, R270
 - Service fee, R130
- 3.2 Cheque no. 1020 for R5 400 appeared on the bank statement but not in the cashbook. On investigation by the bank, it was found that this cheque was issued by Taljaard Attorneys and not TB Bones.
- 3.3 Cheque no. 781 dated 14 September 2015 for the payment of affiliation fees appears in the September cashbook as R1 530. This cheque appears on the bank statement as R1 350. On closer inspection, it is established that the bank statement is, in fact, correct.
- 3.4 A deposit for R9 900, dated 30 September 2015, does not appear on the bank statement.

- 3.5 The following cheques appeared in the cashbook but not on the bank statement:
- Cheque no. 786 dated 14 October 2015 was for the payment of medical supplies amounting to R29 200 to a payable.
 - Cheque no. 802 dated 29 September 2015 was for the payment of Salaries amounting to R12 400.
- 3.6 A fixed deposit with Cape Bank matured on 30 September 2015. An amount of R8 600, including R800 interest, was transferred directly into the bank account of the practice and this appears only on the bank statement.
- 3.7 The bank statement reflected a dishonoured cheque for R3 100 drawn by a patient, V Sick, in settlement of her debt of R3 320.
- 3.8 The bank statement reflects an unfavourable balance of R26 540 at the end of September 2015.

REQUIRED

- (a) Prepare the supplementary cash book of Dr TB Bones's practice for September 2015 by entering all information directly into the cash book. (8)
- (b) Prepare the bank reconciliation statement of Dr TB Bones's practice for 30 September 2015. (8)

COURSE: ACCOUNTING A

QUESTION 4 (Purple Book)

(23 MARKS)

Computer Traders concluded the following transactions during May 2016:

1. Purchased merchandise on credit from Visser for R26 220.
2. Received interest on the investment, R2 500.
3. Paid rent for the month, R4 560.
4. Received the telephone account from Telkom, R2 280.
5. Cash sales of merchandise, R20 520.
6. Received a dividend of R2 200 from an insolvent receivable: Reddi who owed R2 770.
7. Credit sales of merchandise to Sipho, R25 080.
8. Receive an account from Fruity Repairs for R1 710 for repairs to the building.
9. Paid the Telkom account in full.

REQUIRED

Journalise the above transactions in the books of Computer Traders for May 2016. Journal narrations are **NOT** required.

(23)

Please note:

- Computer Traders **is registered** for VAT purposes.
- Round off to the nearest Rand.